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State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Inspection Report

Representatives Present During the Inspection:	
OGM	Priscilla Burton
Company	Kirk Nicholes

Permit Number:	C0250005
Inspection Type:	PARTIAL
Inspection Date:	Thursday, April 26, 2012
Start Date/Time:	4/26/2012 8:30:00 AM
End Date/Time:	4/26/2012 1:00:00 PM
Last Inspection:	Wednesday, April 04, 2012

Inspector: Priscilla Burton,
Weather: overcast, "breezy" 50F
InspectionID Report Number: 3082
Accepted by: jhelfric
5/7/2012

Permitee: **ALTON COAL DEVELOPMENT LLC**
Operator: **ALTON COAL DEVELOPMENT LLC**
Site: **COAL HOLLOW**
Address: **463 North 100 West, Suite 1, CEDAR CITY UT 84720**
County: **KANE**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

635.64	Total Permitted
435.00	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☑ Federal
- ☐ State
- ☐ County
- ☑ Fee
- ☐ Other

Types of Operations

- ☐ Underground
- ☑ Surface
- ☐ Loadout
- ☐ Processing
- ☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Site visit focused on evaluating the condition of topsoil and subsoil stockpiles and discussion of reclamation to be completed in 2012. Topsoil pile locations are shown on Dwg. 2-2. Stage 1 reclamation is shown in Dwg 5-17. Coal Sequence Removal is shown on Dwg 5-10. Current Spoil pile dimensions and mining face are shown on Figure 7 of the Annual Report.

Inspector's Signature: Priscilla Burton
Priscilla Burton,
Inspector ID Number: 37

Date Friday, April 27, 2012

UTAH DNR OIL, GAS & MINING

Note: This inspection report does not relieve operator of responsibility for compliance with other laws and regulatory programs of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	☐	☐	☐	☐
2. Signs and Markers	☐	☐	☐	☐
3. Topsoil	☑	☐	☑	☐
4.a Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☐	☐	☐	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☐	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☐	☐	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5. Explosives	☐	☐	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☑	☐	☑	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☐	☐	☐
8. Noncoal Waste	☐	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☐	☐	☐
10. Slides and Other Damage	☐	☐	☐	☐
11. Contemporaneous Reclamation	☑	☐	☑	☐
12. Backfilling And Grading	☑	☐	☑	☐
13. Revegetation	☐	☐	☐	☐
14. Subsidence Control	☐	☐	☐	☐
15. Cessation of Operations	☐	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☐	☐	☐	☐
16.b Roads: Drainage Controls	☑	☐	☑	☐
17. Other Transportation Facilities	☐	☐	☐	☐
18. Support Facilities, Utility Installations	☐	☐	☐	☐
19. AVS Check	☐	☐	☐	☐
20. Air Quality Permit	☐	☐	☐	☐
21. Bonding and Insurance	☐	☐	☐	☐
22. Other	☐	☐	☐	☐

3. Topsoil

The 2010 annual report indicates the volumes of topsoil in piles #1 (25,289 CY), #2 (137,021 CY) and #3 (56,425 CY) and 56,425 CY are stored in subsoil pile #1. The 2011 Annual Report states that 20,100 CY we re placed in Topsoil Pile #4 and 81,370 CY of subsoil are stored in su bsoil pile #2. Grasses are emerging on Topsoil Pile #1. Unfortunately germination has been inhibited on the top of the pile, perhaps due to seeds being buried too deeply by soil sloughed from the grubbed vegetation. This grubbed vegetation does protect the pile from wind and water erosion and reseeding the top of the pile is recommended. Noxious weeds (musk thistle)must be removed from the topsoil stockpiles and slopes as early as possible. Cheatgrass is not noxious, but would be devastating to allow to get established on the topsoil pile. It should also be removed. At this point, hand grubbing will be adequate.

Topsoil pile #2 requires a bit of attention. Dozer tracks need to be graded on the northeast end of th e pile and in the center of the pile to control water flow on the pile and allow vegetation establishment. A ditch surrounding the topsoil pile #2 must be re-established.

The footprint allocated for the adjacent subsoil pile #1 was stripped of topsoil, but was not completely filled by subsoil. The stripped area must be stabilized with vegetation. The subsoil pile #1 has the shape of the path of the scrapers used to form the pile. It is not well vegetated, likely due to compac tion. This pile could be roughened and seeded as well.

Topsoil pile #3 is graded and sits within easy access for application to the spoils pile. This temporary pile will be used this field season on the west toe of the spoils pile.

Topsoil pile #4 is also a temporary pile. However, it will likely be in place for longer than a year. It was recently seeded. It is surrounded by a ditch/berm. The footprint devoted to this pile is larger than that used, so that if vegetation does not establish on the steep sides, the pile could be lowered in height and the contours made more gentle.

4.a Hydrologic Balance: Diversions

Diitch #4 was constructed along the north toe of the spoils pile, through a patch of red-dog (burned coal). The Operator was surprised to find black coal within three feet of the surface. Hence the ditch bank is black coal.

6. Disposal of Excess Spoil, Fills, Benches

The west end of the spoils pile has received final grading and the toe will be covered with 3 ft. 4 inches of subsoil and 8 inches of topsoil this field season. Subsoil will come from the temporary subsoil pile located along the haul road.

Spoil is currently being placed on top of backfilled Pit 1.

11. Contemporaneous Reclamation

Pit 1 and 2 have been backfilled and will be covered by the expanding spoils pile. Pit 3 is being backfilled from spoils in Pit 4, see photo. Water is ponded in the north end of Pit 3, see photo.

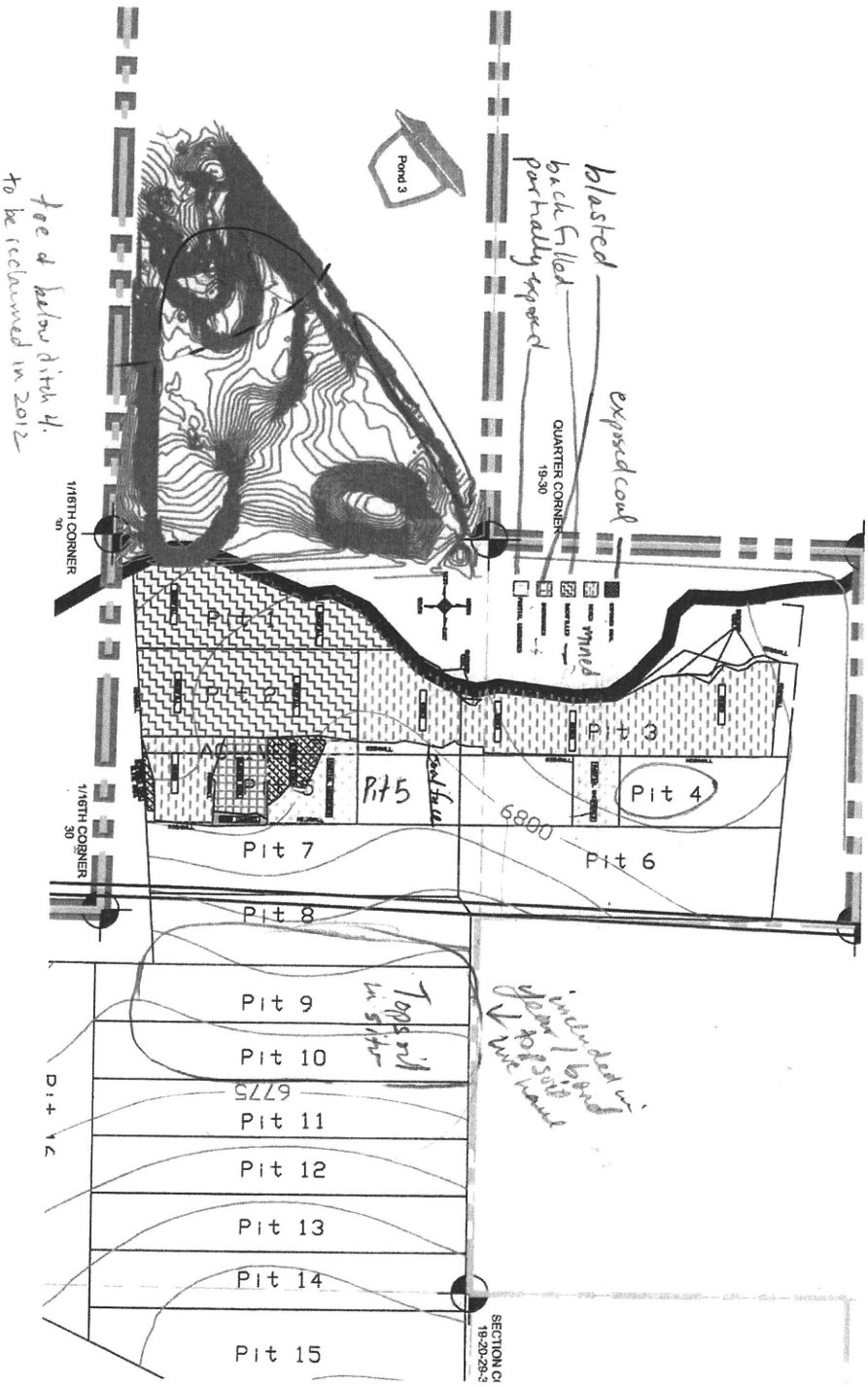
12. Backfilling And Grading

Coal is being removed from Pit 5 and the face has almost reached Pit 4. The length of the open pit face is therefore approxima tely 1000 feet, and the mine is operating in accordance with R645-301-553.

16.b Roads: Drainage Controls

Gravelly soil material placed on the access road to topsoil pile #2 will be used to surface the road, create a swale and to build up the berm along the edge of the access road.

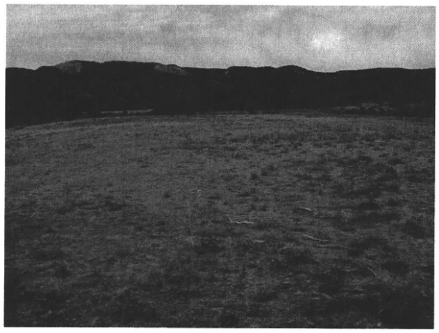
Figure 7, 2011 Annual Report



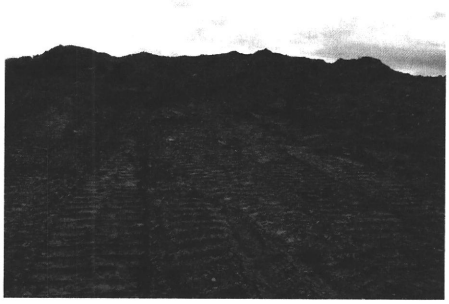
Inspection Report #3082, April 26, 2012, Photo Attachment

Flush of green appearing on Topsoil pile #1

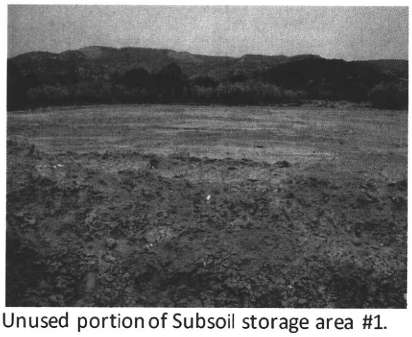
Temporary Topsoil pile #3



Flush of green appearing on Topsoil pile #2



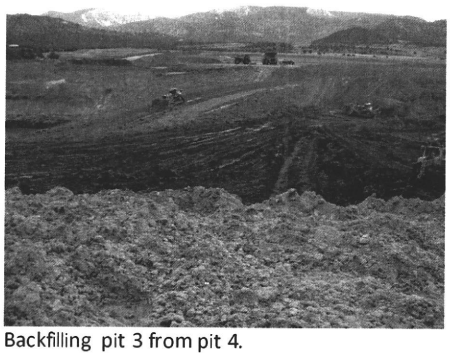
West face of temporary Topsoil pile #4.



Unused portion of Subsoil storage area #1.

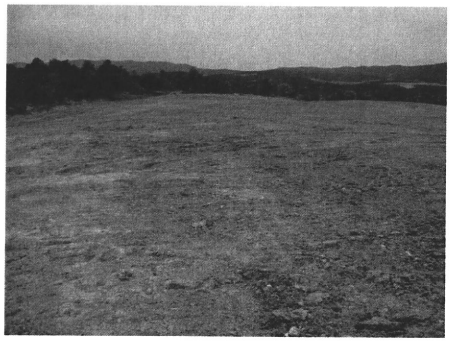
Temporary Subsoil pile #2.

Inspection Report #3082, April 26, 2012, Photo Attachment

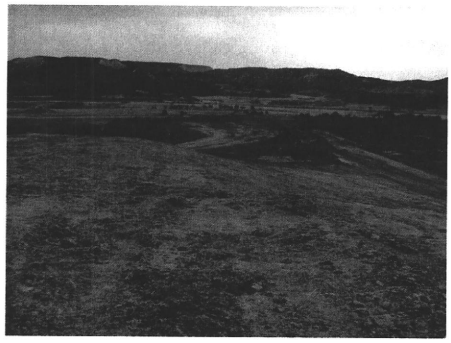


Backfilling pit 3 from pit 4.

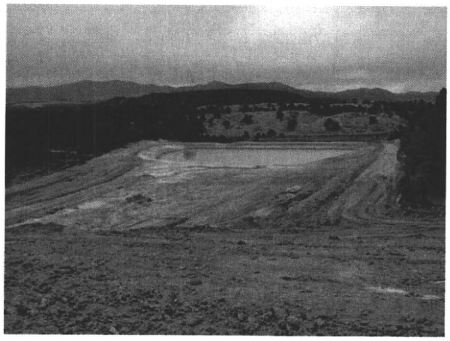
Water in pit 3.



Finished grade of the west end of spoil pile.



Expansion of the east end of the spoil pile over pit 1.



Pond #3